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## **Ask an Advisor: What's the future of legacy CRMs in an AI world?**

By Rob Burgess

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For years, customer relationship management (CRM) systems have been the backbone of advisors' tech stacks.

That primacy is now being questioned as a crop of new tools, many powered by artificial intelligence, enters the market and disrupts conventional approaches.

While none of these new tools can (yet) replace everything a CRM system does, together they may signal a shift in the role CRM tools play.

Michael Kitces, head of planning strategy at St. Louis-based Focus Wealth Partners and an industry expert, recently told Financial Planning that he doesn't think AI tools will eliminate the need for a CRM, because it fulfills core business functions. But he does think many AI note-takers could eventually evolve into CRMs of their own.

CRMs today serve as a repository of data, a tool to manage client relationships and a place to create tasks and workflows, Kitces said. AI note-takers, in particular, have already taken over the client relationship piece, he said.

"That, unto itself, does not do anything to displace CRM, because you still need to capture all the data somewhere," he said. "AI note-takers usually aren't the repository."

Beyond that, AI does not yet produce output consistent enough to be trusted with workflows, Kitces said.

"The whole point of a workflow is that it happens exactly the same way every time it doesn't deviate," he said. "You're not supposed to be creative with the workflow."

To get a clearer understanding of the situation on the ground, we asked several financial advisors how these new tools measure up to CRMs, and if they foresee them replacing CRMs altogether in the future.

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### **CRMs are already obsolete**

**Benjamin Simerly, founder of Lakehouse Family Wealth in Cleveland:**

"Traditional CRM tools were obsolete in the advising industry starting about five or six years ago. The real question is: What platform will make it worth

switching?

"Realistically, there are countless platforms that have a CRM as a feature but focus on marketing, client outreach and other communications tools that far exceed our current core industry options. The catch? They aren't financial industry-specific in their security and archiving abilities. Many of us are simply waiting for the right financial industry software firm to come of age enough to make it worth switching. We already use far better platforms, but only for high-level marketing, and not for any client for prospect files, records or communications.

"Many firms are running multiple CRMs because of their marketing platforms, like ActiveCampaign as an example, that handle the top of the sales funnel outreach with ads and marketing emails, while maintaining an inside-the-wire database for sensitive records and client files."

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### **AI tools complement, not replace, CRMs**

**Andrew Fincher, a financial advisor with VLP Financial Advisors in Vienna, Virginia:**

"There is certainly an opportunity for AI software to morph and integrate into a full-fledged CRM service, but at this time, they still complement each other well. It reminds me much of the rise of AI and some analysts stating that robo-advisors would replace real advisors.

"AI has more so been a perfect tool for advisors to save time on manual tasks and give back time to what they do best: interacting with clients. This is similar because AI — we use Jump AI — has been a wonderful tool to save time on notes, provide follow-up items, analytics and gift ideas. However, our tech stack is best utilized when we can integrate it to team processes. It's not just about client data storage. Until activities and workflows can be built out that fit specific teams and kick off to team members in a timely way for top customer service, there is still benefit to having Jump AI data sync to Redtail to kick off our workflows."

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### **CRMs are trapped in the past**

**Trent Von Ahsen, managing partner at Cedar Point Capital Partners in Cedar Rapids, Iowa:**

"It is safe to assume the vast majority of financial advisors remain unhappy with their CRM. Almost universally, the current marketplace CRM stalwarts seem native to a time not long ago, but not built for the future of advice, or, at least, not doing enough to adapt to new AI tools. A fatal mistake I continually see: Many CRM providers are attempting to 'build their own' AI that is promised to solve many aforementioned ailments felt by their end users.

"While this is happening, new AI native market entrants are rapidly gathering up loyalties by unlocking a decade's worth of efficiencies and scale within a few months of adoption. Many AI tools will solve things like meeting note synthesis, editing, follow-up task tracking and execution. Yes, even email generation and what I like to call 'ClientGPT,' a chat with the AI capable of answering nearly any question an advisor might have about a client's interactions with their financial advisor."

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### **AI agents could step in**

**Alvin Carlos, financial planner and managing partner at District Capital Management in Washington, D.C.:**

"AI is democratizing software creation. In a few years, financial advisors may be able to create their own CRM via AI agents. Redtail and Wealthbox will need to adapt and show their value proposition when that time comes. Whether or not they become obsolete will depend on how they will adapt."

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### **CRMs clunky and costly, but AI tools carry risks**

**Brady Lochte, a financial advisor at Axon Capital Management in Georgetown, Texas:**

"CRM systems exist to be a system of record, a compliance anchor and an operational backbone. Those needs haven't gone away. What has changed is the growing frustration with CRMs feeling expensive, rigid and slow to innovate relative to how fast AI tools are advancing."

"I'm still skeptical that AI tools fully replace the CRM in practice, at least today. We hear a lot about AI-driven workflows and custom in-house solutions, but there are still few real world examples of advisory firms successfully replacing a traditional CRM at scale. The execution risk is high, and for most advisors there's meaningful career and business risk in being wrong. Replacing a CRM with an internally-managed AI stack means owning data integrity, security, compliance workflows, vendor dependencies and long-term maintenance. Most advisors don't want to become software operators."

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### **The stability of traditional CRMs gives them value**

**Omen Quelvog, founder of Formynder Wealth Management in Spotsylvania, Virginia:**

"AI-enabled growth is happening so quickly that by the time you settle on a solution, it is already outdated. For example, consider how many AI note-takers

exist today compared to how many we started with.

"What Wealthbox and Redtail have going for them is their long history as cornerstone compliance platforms, something you cannot easily move from one system to another. This may ultimately be the next real AI value-add, technology that can make that transition effortless. Until then, switching to another CRM can carry a break-even point that is several years out, depending on the size and complexity of your client base."

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